

THE BOTTOM LINE

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According to Dave . . . November, 2009

We are pleased to share with you the first of many issues of *The Bottom Line*, the news letter for owners and executives of growing businesses. Our content is selected to specifically help you manage and profitably grow your business. In this issue we have picked some timely topics that will help you navigate through increasingly uncertain economic times.

There is little debate that these are difficult and confusing times. As business owners and executives many of us aren't sure what to expect. We don't know what to expect from Washington in regards to economic stimulus, health care, the deficit, inflation or taxes. This kind of uncertainty always creates a difficult business environment. However, even in these uncertain economic times, opportunities exist for a business to grow and prosper. Now is not the time to be timid.



Along these lines, in our article "Is the Recession Over?", we highlight some common sense leading economic indicators you should be considering as you move forward. These indicators can be an accurate guide for how and when to take action.

Key to moving forward in a difficult business climate is the need to both keep and find motivated employees. We must resist the urge to stop hiring, and instead start hiring better. In our article "Motivating Employees: Focus on the Doughnut Not the Hole", we discuss what you can and should do to improve your workforce.

Finally, one of the biggest temptations during difficult business cycles is to push the edges of the envelope in an effort to find new and unique ways to grow your business. We believe you should keep pushing, however make sure you know the answers to the "Five Questions to Avoid Disaster".

We're interested in what you think! Please shoot us an email with your thoughts, suggestions, or questions.

Thanks,

The Bottom Line

Who we are.....

Dave Guenther is the founder and President of BSM Executive Advisors.

Dave co-founded and grew the company *InaCom*, from an idea into a six billion dollar Fortune 500 company.

Dave used these same principles for developing and growing a business to help the owners of *RTG Medical* grow their business from a \$3 million dollar company to over \$30 million dollars in just four years. *RTG Medical* earned national recognition three of the last four years as one of *Inc. Magazine's* fastest growing companies in the country.

As the chief contributor to *The Bottom Line*, Dave is seeking to share the same fundamental principles and sound advice that created *InaCom* and grew *RTG Medical* with other business owners seeking to gain an advantage in an increasingly competitive economic environment.

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Common Sense Leading Economic Indicators



Is the economy picking up?

That's the question most people are asking today in an effort to make sure their company is properly positioned to take advantage of the inevitable upturn. Now is the time to start looking for positive signs in the market to ensure that your company doesn't fall behind the competition.

An article from Forbes.com entitled "[Uncommonly Clever Economic Indicators](#)" by Maureen Farrell highlighted several common sense leading indicators to the economy's health.

Keep an eye open and let us know what you are seeing.

What's happening down the supply chain? Keep an eye on the performance of FedEx, UPS, Union Pacific and other carriers. When their numbers start improving, other businesses are shipping more which in turn means the consumer is buying again. ([Read the article](#))

MOTIVATING EMPLOYEES



Last week I had lunch with Art, a CEO friend of mine. Art was lamenting the fact that he just couldn't seem to motivate his team to get the job done.

He listed the bonuses, trips and other incentives that he offered his team for exceptional performance. While a handful of people seemed to get it and were doing a great job, most were stuck and some just didn't seem to care.

To turn things around, Art said he had brought in a motivational speaker. The speaker was great and fired up the team. When the speaker was done the entire team was ready to run through the walls and begin conquering the world. However, in a couple of weeks they had lost sight of the world and before Art knew it everything was back to business as usual.

After listening to Art, I said "Art, your focusing on the hole, not the doughnut. You don't have a motivation problem, you have a hiring problem." ([click here to read entire article](#))

5 QUESTIONS TO AVOID DISASTER

Have you ever wondered how Enron and WorldCom came to make the decisions they did? Does it puzzle you how AIG, Lehman Bros., and the banking sector got into so much trouble? They, like most people in the business world, were looking for new ways to grow their business. In this sense, they aren't all that different from you and I, they were pushing the envelope but they ended up pushing too hard. They wouldn't have



made the decisions they did if they had asked and truthfully answered these 5 questions.

1. Does the decision create economic value for the company?
2. Is it legal?
3. Is it right?
4. Does it fit our culture and values?
5. When it becomes public, and it will, will it be a positive for the company?

If the answer is "NO" to any of the above and you want to avoid disaster, don't do it.

About Us

Dave Guenther and BSM Executive Advisors work with you to find innovative answers to issues in Business execution, Strategy and Management. BSM delivers results.

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AN IMPROVING ECONOMY

Common Sense Signs the Economy is on the Mend

Is the economy picking up? That is the question most people are asking today. You need to get your company positioned so now is the time to start looking for positive signs in the market.

An article by Maureen Farrel highlighted some common sense things to look for to get an indication that economy is beginning to turn. I've included the best of those ideas here and added some of my own. You will find that the best part about these indicators is that they are based on now, not what happened three months ago. They are truly leading indicators rather than lagging indicators. These tips will keep you ahead of the game rather than leaving you playing catch up.

1. **Pink Ties.** Men and women wear brighter colors when things are going well and drab brown colors when things are looking bleak. Are you seeing any change? (*Farrel*)
2. **Restaurant Garbage Piles.** The bigger piles come from using more supplies to prepare meals. More supplies means more people are eating out which means the economy is improving. (*Farrel*)
3. **The Supply Chain.** Keep an eye on the performance of FedEx, UPS, Union Pacific and other carriers. When their numbers start improving, other businesses are shipping more which means the consumer is buying more.
4. **Shopping Bags.** Go to the local Mall at the same time every week and watch customers. Don't pay attention to how

- many customers you see, watch how many bags they have. Bags indicate purchases, people indicate lookers.
5. **Tee Times.** Call some exclusive clubs like Pebble Beach, Whistling Straights or some in your area and see how hard it is to make a near term tee time. As the time to tee off lengthens, the stronger the economy is getting. Golf is a luxury and people won't buy luxury until the recession is ending.
 6. **Company Meetings and Events.** Call some of the best resorts or meeting places and see how hard it is to book a date or what's happening with cancellations. More bookings and fewer cancellations means things are picking up for business.
 7. **Denim Sales.** Check out the sales of denim at J.C. Penny and other retailers in your area. Denim is cheap and one of the first things consumer's replace when they start feeling more comfortable with the economy. (*Farrel*)
 8. **Foreclosed Homes to Sales.** Find out how many homes were foreclosed in your market and how many foreclosed homes sold. Divide foreclosures by foreclosed sales. As the ration improves, the housing market and the economy should be improving.
 9. **Billboard Advertising.** There are a lot of blank billboards along roads and highways. Billboards are relatively cheap advertising and catch a lot of eyeballs. As the number of empty signs decrease, the economy is beginning to get better.
 10. **Waiters and Waitresses.** The better people are beginning to feel about the economy and their job, the better the tips get.

Keep your eyes open for everyday signs that the economy is beginning to improve. Let me know what you are seeing that may be a sign the economy is beginning to improve.

Dave Guenther is President of BSM Executive Advisors. Dave is an executive and business advisor, consultant and speaker. Dave co-founded and grew a company, InaCom, from an idea into a \$6 billion dollar Fortune 500 company. Dave used the same principles to help the owners of RTG Medical grow their Company from a \$3 million dollar company to over \$30 million dollars. RTG has been recognized three times by Inc. Magazine, in the last four years, as one of the country's fastest growing private companies.

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Motivating Employees: Focus on the Doughnut Not the Hole[©]

By Dave Guenther, President BSM Executive Advisor

Last week I had lunch with Art, a CEO friend of mine. Art was lamenting the fact that he just couldn't seem to motivate his team to get the job done. He listed the bonuses, trips, and other incentives that he offered his team for exceptional performance. While a handful of people seemed to get it and were doing a great job, most were stuck and some just didn't seem to care.

To turn things around, Art brought in a motivational speaker. The speaker was great and fired the team up. When the speaker was done the entire team was ready to run through the door and

conquer the world. However, in a couple of weeks the world was gone and it was back to business as usual.

After listening to Art, I said "Art, your focusing on the hole, not the doughnut. You don't have a motivation problem, you have a hiring problem."

"What do you mean a hiring problem?" Art replied.

"Art," I asked, " who or what motivates you to get out of bed in the morning, go to the office and do the best you can to make the company successful."

Art shot back, "I don't need anyone to motivate me. I love going in and talking to our customers, vendors and employees and thinking about how we improve the company."

"Exactly", I said. "No one motivates you, you motivate yourself. The environment and culture you have created at the company fits you perfectly."

"Art", I said, "the fact of life is that no one person can motivate anyone else for a long period of time. People have to motivate themselves. All the coaching, incentives or bonuses in the world won't guarantee that everyone will be successful at your company. It doesn't mean they aren't fine talented people, it just means that the environment at your company is not the environment they need to be successful."

"What would you do?", Art asked.

I told Art I would do 5 things.

1. I would group my team into A, B, and C. The A's are those who are succeeding today. The B's are those that are close and feel like they can be brought along and the "C's" are those that just don't seem to get it.
2. Next, I would evaluate the A group and figure out what was making them successful. What about the culture, job or environment really drives them to succeed?
3. I would evaluate the B group and try and figure out what little things I could change that might help them. Then I would team them with a member of the A group to help guide them through the process of becoming a stronger performer.
4. I would get rid of the "C" group as fast as possible. This is unfortunate, but they need to be given a chance to go somewhere where they can be successful and you need to free up dollars for your own business and the people working hard within it.
5. Finally, I would start looking for people with group A characteristics in my hiring. Find them and hire them as soon as possible, because what you have today at your business will already motivate them to be successful and help grow your business.

As CEO, your job is to create the best culture and environment to insure company success. Your next job is to create a staff that fits that culture and can work successfully in the environment you created. That's the doughnut. Know what you have and what works and stay focused on that, not on what is missing. Do this and your

company will succeed.

Dave Guenther is President of BSM Executive Advisors. Dave is an executive advisor, consultant and speaker that has been where you are, where you are going and beyond. Dave co-founded and grew a company from an idea into a Five billion dollar Fortune 500 company. Dave used the same principles to help the owners of RTG Medical grow their Company, in less than five years, from a \$3 million dollar revenue company with 39 employees into a Company with revenue over \$30 million dollars and in excess of 250 employees.

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